



Arizona State Retirement System

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Update **ASRS Supplemental Retirement Savings Plan**

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The Arizona State Retirement System will offer a new program next year that will allow eligible active members to save additional money for retirement.

The new plan will be called the Supplemental Retirement Savings Plan and is qualified under Section 401(a) of the Internal Revenue Code. The SRSP allows eligible members to contribute tax-deferred money into an account that can be drawn upon in retirement.

The ASRS Board of Trustees at its November 17 meeting selected Nationwide Retirement Solutions as the administrator of the new plan. Under Nationwide, one of the largest financial services companies in the United States, SRSP participants will have access to high-quality customer service, including telephone and web access to accounts, and investment choices. On December 15, the Board approved a finalized Plan Statement, which sets the eligibility, administration and oversight provisions of the new plan.

Participants may elect to defer up to 100 percent of pay or \$45,000, whichever is lower. This limit is higher than limits for the 457 or 403(b) plans offered to many ASRS members. In addition, the SRSP permits loans to members, which many 457 and 403(b) plans do not.

The SRSP is offered in addition to the ASRS Defined Benefit Plan – the primary pension plan that provides members a lifelong income upon retirement. To be financially secure during retirement, however, it is suggested that individuals have other income sources, such as Social Security, and personal savings. The SRSP may be a convenient, regular way to augment personal savings for some members.

In addition to increased financial security at retirement, contributing to the SRSP will reduce income tax liability for working members now. For example, for a person who earns \$35,000 per year and contributes 10%, or \$3,500 to the SRSP, taxable income will be only \$31,500.

The ASRS anticipates beginning employer sign-up of the program in early 2007, with employee enrollment beginning in the spring. Details of the SRSP plan, including eligibility requirements, will be made available to employers and members in the coming weeks.

The SRSP program will be offered voluntarily to ASRS employer partners. Members will be eligible to participate only if their employer signs up for the new plan. The Arizona Department of Administration is planning a similar program for state and university employees, who will not be eligible for the ASRS SRSP program.